

To whom it may concern:

The Louisiana Department of Insurance has recently been informed of a change in law regarding the licensing of mortgage lenders and mortgage loan originators on residential mortgages that may affect many insurance companies and producers. Prior to this law change, insurance companies and producers were exempt from licensing under the law. That exemption goes away starting July 31, 2010.

Under the new law, LRS 6:1087 F (8) exempts insurance companies from licensure for mortgage lending as stated below:

“F. The following employers and their employees shall be exempt from the provisions of this Part applicable to residential mortgage lenders and residential mortgage brokers: (8) Any insurance company authorized by the insurance commissioner of this state or any other state and any resident or non-resident insurance producer who holds an unexpired producer license under Title 22 of the Louisiana Revised Statutes of 1950 who brokers loans exclusively to an insurer.”

LRS 6:1087 G goes on to state **“Any person exempt from licensure pursuant to subsection F of this Section shall engage in residential mortgage lending activities only through natural persons who are licensed or registered as a mortgage broker, mortgage lender, or mortgage loan originator (emphasis added) according to the provisions of this Chapter, or who are exempt from the provision of this Part.”** LRS 6:1087 E lists nine possible exemptions for licensure for mortgage loan originators.

What this means for insurance companies is that although the insurance company is exempt, the mortgage loan originator (any person who negotiates the terms of the mortgage or accepts the loan application for compensation) must be licensed unless they meet one of the exemptions as defined in LRS 6:1087 E.

Last year, the **Louisiana Office of Financial Institutions** sent out notifications to all licensed lenders regarding the change in current law. This law affects mortgage lenders and mortgage loan originators. This notification generally included the following information and the following attached documents:

RE: *Mortgage Loan Originator Licensing Requirements under SAFE*

To Whom It May Concern:

Louisiana Act 522 (HB 810) became law on July 31, 2009, in order to ensure the mortgage licensing laws of the State of Louisiana are in compliance with the federal Secure and Fair Enforcement for Mortgage Lending Act of 2008 (“SAFE Act”). The SAFE Act requires all states to pass mortgage licensing laws and regulations that meet or exceed certain minimum standards. More information about the SAFE Act can be found at: <http://www.csbs.org/AM/template.cfm??Section=SAFE Act>.

Under Act 522, the Louisiana Secure and Fair Enforcement of Mortgage Licensing Act of 2009 (LSAFE), all individuals meeting the new definition of a Mortgage Loan Originator (MLO) in the law must meet new licensing requirements as stipulated in the SAFE Act, including education and testing requirements.

MLOs who were previously exempt from the licensing requirements (employee originators of insurance companies and producers) of the Residential Mortgage Lending Act will remain exempt under the newly enacted LSAFE until July 30, 2010. MLOs who choose to take a security interest in a borrower’s residential property after July 30, 2010, must obtain residential mortgage lending licenses and MLO licenses through the online Nationwide Mortgage Licensing System and Registry (“NMLS&R”) before that date. To avoid a disruption in your business activities, we encourage everyone to obtain the necessary education and testing requirements and submit the information through the NMLS&R

prior to April 1, 2010, to allow the Office of Financial Institutions (OFI) sufficient time to verify that the MLOs meet the following requirements:

- *Paid all fees due to the OFI.*
- *Never had a mortgage license revoked in any governmental jurisdiction.*
- *Has not been convicted of, pleaded guilty or nolo contendere to and has been adjudicated guilty of a felony in a domestic, foreign, or military court during the seven year period preceding the date of application or at any time preceding such date of application if such felony involved an act of fraud, dishonesty, or a breach of trust, or money laundering (unless pardoned by the governor or president).*
- *Demonstrates financial responsibility, character, and general fitness such as to command the confidence of the community and warrant a determination that the mortgage loan originator, mortgage lender, or mortgage broker will operate honestly, fairly, and efficiently within the purposes of this chapter*
- *Has completed 24 hours of pre-licensing education by NMLS&R approved course providers*
- *Pass the SAFE MLO Test (national and state components) with a score of 75% or higher*
- *Maintains surety bond coverage of \$25,000 or \$50,000 depending on loan origination volume*

Please submit all [mortgage loan](http://mortgage.nationwidelicensingsystem.org) originator applications through the Nationwide Mortgage Licensing System by April 1, 2010, to allow the Office of Financial Institutions (OFI) sufficient time to process the information and issue licenses by July 31, 2010. The website to file originator applications is <http://mortgage.nationwidelicensingsystem.org> Also, be aware that no paper licenses will be issued. The OFI website will be updated daily to verify proper licensure.

If you have any questions regarding this change in law, please contact Robert Brian with the Office of Financial Institutions at (225) 925-4303.

ATTENTION ALL RESIDENTIAL MORTGAGE LICENSEES

2009 OFI Legislation

- Louisiana Act 522 (HB 810) will become law effective July 31, 2009, in order to ensure the mortgage licensing laws of the State of Louisiana are in compliance with the federal “Secure and Fair Enforcement for Mortgage Licensing Act of 2008” (“SAFE Act”).
- The SAFE Act requires all states to enact mortgage licensing laws and regulations that meet or exceed certain minimum standards.
- Any company or their originator(s) who were previously exempt from the licensing requirements of the Residential Mortgage Lending Act will remain exempt under the newly enacted “Louisiana Secure and Fair Enforcement of Mortgage Licensing Act of 2009” (“LSAFE”) and can continue to originate mortgage loans until July 30, 2010.
- Any company or their originator(s) who were previously exempt but who choose to take a security interest in a borrower’s residential property after July 30, 2010 and are no longer exempt pursuant to Act 522 must obtain residential mortgage lending licenses and mortgage loan originators licenses through the online licensing system at <http://www.stateregulatoryregistry.org/NMLS//AM/Template.cfm?Section=Home3> prior to July 31, 2010.
- Any residential mortgage companies who were previously exempt from the Louisiana Consumer Credit Law (“LCCL”) but make consumer loans will require an OFI LCCL license on or after July 31, 2009 or cease making consumer loans.

For more information, contact Deputy Chief Examiner Darin Domingue at (225) 922-2596 or Compliance Examiner Manager Bobby Brian at (225) 925-4303.

Attachment "A"

How to create a record (account) in the NMLS&R and obtain a unique identifier:

- Log on the NMLS system: www.stateregulatoryregistry.org
- Select "NMLS&R" and under "Getting Started" select "Loan Originator" or "Company", as applicable.
- Follow the instructions to create an account and obtain a unique identifier (there is no charge for this)
- STOP HERE FOR NOW – log off - do not "submit" an application or a fee will be incurred

To continue the licensing process, MLOs should:

- Successfully complete 24 hours of pre-licensing courses by approved providers (\$195-\$350);
- Pass the SAFE MLO Test (\$161 for both state and national components). Go online to: <http://www.stateregulatoryregistry.org/AM/Template.cfm?Section=Testing>

Summary of education requirements:

- Pre-licensing education – 24 total hours required including: 3 hours federal laws/regulations; 3 hours ethics; 2 hours training in non-traditional mortgages; 4 hours of approved courses approved by the Mortgage Bankers Association (MBA) or the National Association of Mortgage Brokers (NAMB). The remaining 12 hours may consist of other subject matter approved by NMLS.
- Annual continuing education – 10 total hours required including : 3 hours of federal laws/regulations; 2 hours ethics; 2 hours training in nontraditional mortgage products; 2 hours of approved courses approved by MBA or NAMB. The remaining one hour may consist of any other subject matter approved by NMLS.

After obtaining certification of pre-licensing education and receiving a passing grade on both components of the test, log on the NMLS system and complete the MU4 form for originators: (1) Fill out the MU4 form completely including residential and employment history and (2) Pay the following fees with credit card or by ACH and "submit" your application:

- OFI Loan Originator fee: \$100
- NMLS MU4 set up fee: \$30
- (\$9 credit report fee will be charged when the NMLS begins processing)

Submit the following items by mail:

- Provide complete details of all events or proceedings for any "Yes" answer to any of the Disclosure questions on the MU4 and any supporting documentation,
- Verification that the originator is a W-2 employee of the mortgage lender/broker
- Other items such as fingerprints may be requested at a later date

The company can now submit the MU1 form for the company, MU2 form for each principal, and the MU3 form for each additional branch, if necessary, and pay the following fees through the NMLS&R:

- OFI Mortgage Lender and Broker fee: \$400
- Each branch location not counting the main office: \$100
- NMLS Setup fee for MU1: \$100; MU3 set up fee \$20

Additional documents to submit by mail:

- Refer to the State License Resource page in the NMLS&R for state specific requirements including:
- Surety bond certification of \$25,000 or \$50,000 depending on loan volume of all MLOs employed by the company.
- Articles of Organization or Incorporation
- Secretary of State filing certificate

An applicant for a mortgage lender or mortgage broker license shall furnish the required information (MU2) as to each owner and member if the applicant is a partnership or limited liability company, each officer, director, and direct or indirect owner of ten percent or more of applicant's outstanding shares if the applicant is a corporation, and each settler, trustee, and beneficiary if the applicant is a trust.

Attachment "B"

Summary of Fees

You will be directed to pay these fees by the online system or OFI when you apply.

OFI Licensing Fees:

- Mortgage Lender or Broker - \$400 with annual renewal of \$300
- Mortgage Loan Originator - \$100 with annual renewal of \$100

NMLS "System" Fees:

- MU1 - Company Form \$100 set up fee; \$100 annual processing fee
- MU2 - Biographical Statement for company principals (File with MU1)
- MU3 - Company Branch Form \$20 set up fee per branch; \$20 annual processing fee
- MU4 - \$30 set up fee for each loan originator; \$30 annual processing fee; \$30 change of sponsorship fee

Other Fees:

- Pre-licensing education fee – Estimated at \$195 - \$350 for 24 hours
- Testing fee - \$161 (State Component and National Component)
- Continuing education fee – Estimated at \$100 - \$150 for 10 hours
- Credit Report fee is estimate at \$9 (beginning when available through the NMLS&R)
- Background check fee to OFI - \$45.25 (\$40 payable through NMLS&R when available)